

Paying Attention to the Businesses in Your Backyard – Case Studies of Three Rural Community Business Retention and Expansion Visitation Programs

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Overview

This paper is a case study of three areas in Minnesota that conducted Business Retention and Expansion Visitation (BREV) programs in the 1990s with the assistance of the University of Minnesota. The intent here is to illustrate some examples where the communities have been successful or, in some instances, not as successful in getting results in their post-visitation implementation projects. These three communities are known to have taken their BREV endeavor very seriously. Significant amounts of volunteer and professional staff efforts have been guided by the plans that emerged in these programs. Therefore, the selection of these three communities is not intended to convey the average result, but rather to examine the kind of results one might expect after years of hard work by dedicated BREV teams.

Introduction to Business Retention and Expansion Visitation

BREV is a robust approach to existing business economic development that has become increasingly popular since the 1980s. Although BREV existed in more informal ways prior to the 1980s it was during that time period that the current conceptual model evolved.¹ There are many reasons that communities conduct BREV. These include: to signal their concern and appreciation to local business; to learn about issues or roadblocks to business staying and growing in the community; to implement projects that will be helpful to the business community; and to build community capacity for responding to the firm issues. Perhaps the simplest reason is that existing business typically accounts for the majority of job growth in a community. Therefore, it merits some serious attention.

A local BREV program involves these five basic steps:

1. Building a leadership team and task force to plan and carryout the visitation;

¹ Morse, George, 1990, pp. 1-16.

2. Training volunteers who visit local businesses in teams;
3. Responding to individual business concerns;
4. Analyzing the data and selecting priority projects to implement;
5. Implementing the priority projects.

Appendix 1 is a Flow Diagram of the modern BR&E Visitation Model. Now I will explore how this BREV approach worked as actually implemented in three different types of rural Minnesota areas.

BREV in Three Different Types of Rural Areas: General Business, Tourism, and Agriculture

The University of Minnesota BR&E Strategies Program has worked with 45 BREV programs since 1990. The communities have targeted a variety of types of business: manufacturing, general business, tourism, general agriculture, dairy, swine, and sheep. This paper will feature the results of three of those community programs: Sibley County (general business, 1991 program), Mississippi Valley Partners (tourism, 1996), and Swift County (general agriculture, 1999). Although each was done at different times the three programs have had enough time in follow-up implementation to show some results.

Sibley County is in South Central Minnesota about 50 miles southwest of Minneapolis-St. Paul. The Mississippi Valley Partners (MVP) area includes twelve “vintage villages” along Lake Pepin and adjacent parts of the Mississippi River between Wisconsin and Minnesota. Swift County is in West Central Minnesota, about 130 miles from Minneapolis-St. Paul. All three areas are considered rural, all being at least thirty miles from a metropolitan area, although the Minneapolis area sprawls closer to Sibley County each year.

The goals of the three BREV programs had similarities and differences. All three programs chose *to develop community programs, action plans or to explore alternatives* based on the aggregated survey results. Sibley and MVP expressed a similar goal of demonstrating a pro-business attitude or signaling the community's appreciation to the local businesses. Sibley and Swift shared the goal of assisting individual firms or farms with their immediate concerns. MVP and Swift were concerned with educating about the importance or role of tourism or farming, respectively. Finally, Swift expressed a goal of creating a broad-based support base and network to address issues over time.² See Table 1.

Table 1. Goals of the Three BREV Programs

Type of Goal	Sibley County	Mississippi Valley Partners (MVP)	Swift County Farm
Signal pro-business attitude or appreciation for business	■	■	■
Assist businesses/farms with immediate concerns	■		■
Develop community programs, action plans, explore alternatives	■	■	■
Educate about importance and role of industry		■	■
Create capacity/teamwork among and across community			■

Sibley visited 80 firms of various types with the help of 40 community leaders. MVP visited 84 travel and tourism firms out of 105 targeted for an 80% response rate. Sixty-six community leaders participated. Swift accomplished 62 visits to farmers with the efforts of 32 of its area leaders.³ All three programs followed the approach developed by the University of

² Erkkila, p. 1; Levins, p. 1; Morse, 1991, p. 1.

³ Morse, 1991, p. 1; Smith, p. 2; Levins, p. 2.

Minnesota BR&E Strategies Program that is endorsed by Business Retention and Expansion International.⁴

Sibley County Results Stemming from the BREV Program

Sibley County chose five strategies with fourteen priority projects within the strategies. This compares with typically three to five specific priority projects in most Minnesota BREV programs these days. Only three of the strategies will be examined here: 1. improving firm competitiveness, 2. increasing the supply and quality of labor, and 3. providing assistance to retail and service sectors.⁵

Sibley Strategy 1. Improve Competitiveness of Firms by Sharing Information on Development Programs. This featured three priority projects, all of which were implemented to some degree according to three of the original BREV Leadership Team members. The first two priority projects stressed setting up informational meetings and business forums in which information could be shared with firms about development programs available to them and businesses could intensify communications amongst themselves. Some seminars about government assistance programs and a technology conference were held. The third priority project was to continue and expand countywide economic development to a full-time staff position. "Public officials were initially reluctant to employing a full time community developer. In the course of the BR&E program and through the success of other counties, however, they were convinced."⁶

The former team members saw this enhanced staffing, expanding from a part-time to full-time economic development staff, as the most successful outcome of Strategy 1. Yet it was also

⁴ For details on this see Loveridge and Morse, pp. 7-15. Naturally, there were minor variations in the process but each used most of the process as outlined.

⁵ The other two strategies were not covered because I did not yet have the time to explore them adequately.

⁶ Borner, p. 12

observed that a key measure of manufacturing productivity improved dramatically between 1987 and 1997. Sales per worker increased 63% in this period versus an increase of only 36% statewide in the same time period. So from at least that perspective, firm competitiveness improved.⁷

Sibley Strategy 2. Increase the Supply and Quality of Labor. The three original BREV team members noted a significant amount of activity having occurred under this strategy since 1991. Ranging from new high school vocational courses to mobile computer labs to customer relations workshops for employees, a flurry of activity was credited to a priority project to improve the job skills of existing and new employees. Most notably, the county received in 2000 a \$560,000 grant to install five community learning centers in easily accessible buildings such as a city hall, a school, a library, and the Hispanic Center. The learning centers will provide instruction in technology, software and even English as a Second Language.⁸

A second priority project called for a school business partnership. Even more activity occurred here. Four new initiatives were created to integrate students into learning activities with business. Federal grants of \$570,000 were received to help facilitate this priority project. One result was the creation of in-school projects including a school store, desktop publishing services, small engine repair, and CAD technology services. Another, the Youth Leadership Academy helped students develop their work ethics, public speaking, dependability, and problem solving. These and related activities are credited in three ways: creating better understanding between school and business, improving the prospects of youth staying after graduation, and

⁷ Borner, p. 9

⁸ Blanchard, p. 3-5

enhancing "the quality of life through their promotion of community activities and interpersonal activities."⁹

Another priority project was to create internship programs. This proved too difficult and did not occur. If the school business partnerships continue to prosper, then this could be a growth area for the future.¹⁰

Sibley Strategy 4. Provide Assistance to Retail and Service Sectors. This strategy is the proverbial quest to save the county's small town retailers from the competition of the big boxes and malls in the nearby regional centers and major metro. Significant efforts proceeded in the early years after the visitation in the three recommended areas of encouraging market niche development, developing cooperative efforts amongst the retailers and service providers and improving customer relations skills amongst employees.

The secondary data shows that Sibley County continues to adapt to changing times. Some retail and service sectors suffered, others gained. Analysis of County Business Pattern and REIS data from 1990 to 1997 showed that significant job losses happened in the business services and eating and drinking sectors compared to what national trends might have indicated. Income growth in the building materials sector lagged national trends. On the other hand, auto dealers and food stores exceeded national trends in job growth and income and the retail sector as a whole did so too. There is no way to prove a correlation from the BREV to any of these outcomes. However, the three interviewed BREV team members thought there was a relationship.¹¹ As Henrich Brunke put it:

⁹ Blanchard, p. 5-7

¹⁰ Blanchard, p. 8

¹¹ Brunke, p. 4-12

It is important not to forget about the psychological effects of a BR&E program. If the community believes that something will be done to improve their situation, they might experience some sort of self-fulfilling prophecy to work towards a common goal.¹²

Although not specifically related to a Sibley BR&E strategy it is noteworthy to offer a few other BR&E implementation stories. First, the BR&E visits revealed that the city of Gaylord had a storm water problem at its Ford dealer. Subsequently, \$2.2 million of stormwater improvements were made. Both the Ford dealer and neighboring Michael Foods, an egg processing facility that is the county's largest employer, have expanded greatly. Second, the BR&E visits revealed that there was inadequate water capacity, supply, and distribution, and no sewage treatment for the towns of Arlington and Green Isle. In a remarkable display of cooperation Arlington built a sewage treatment system for both cities. Green Isle built a new water tower and distribution system. Both of these accomplishments had their roots in the BR&E program.¹³

Some final notes on Sibley. First, the 1990s saw the reversal of a 50-year decline in population in the county. There was a 7% population growth through the decade. It went from being an agriculture-dependent county in 1987 (36% of earnings from agriculture) to a much more diverse economy in 1997. A large influx of Hispanics has changed the face of Sibley County. All of this may be coincidental to the BREV Program that 40 Sibley leaders initiated a decade ago. However, to several observers both within and outside the county the spirit of cooperation and vigorous leadership on issues of importance to community economic development seems to have been enhanced by the BREV program in 1991.

¹² Brunke, p. 12.

¹³ Templin, p. 3-4.

Mississippi Valley Partners Results Attributable to the BREV Program

MVP's twelve "vintage villages" range from 56 to 4500 in population. The organization was created in 1992 to create a unified tourism destination site that would help market the villages. The organizational goals range from creating open communication about tourism issues to increasing sales and profits for the MVP businesses to developing a shoulder season and even increased demand for the winter season, believe it or not. MVP's BREV team chose six priority projects across three strategic areas. The five-year results of each project will be considered here.¹⁴

MVP Strategy 1. Enhance Organizational Effectiveness. The one Priority Project chosen here was to evaluate organizational funding options and structures to assure that the organizational mission could be accomplished. Over time the results included setting up a domain name and website, 150,000 travel guides distributed annually, toll free phone number and a fulfillment contract with an appropriate vendor.¹⁵

MVP Strategy 2. Refine and Direct Marketing of the MVP Area. Four priority projects were chosen under this strategy that relates so strongly to the reason that MVP was created.

1. First take advantage of free marketing opportunities, also known as public relations, with public radio, magazines, articles, etc.;
2. Increase cross-marketing among MVP members;
3. Do more packaging of products;
4. Put more efforts into target marketing.¹⁶

Public relations project. The BR&E results put a sobering picture on the very small amount of money spent by members on marketing activities (\$2500). The University of

¹⁴ Smith, p. 1.

¹⁵ Smith, p. 2.

¹⁶ Smith, p. 2.

Minnesota Extension Service and MVP co-sponsored marketing seminars for local tourism and travel businesses. Members also started to mention MVP in their ads and their answering machines, etc. There was some success in generating free publicity as well.¹⁷

Increase cross marketing. In the cross marketing endeavor the big breakthrough came at Lark Toys, a business located near one of the villages. Lark Toys provided the wood toys for the Disney movie "Geppetto". As such it is a destination attraction for visitors to the MVP region. Therefore, a Welcome Center for MVP was opened at Lark Toys to guide visitors to other fun activities in the vintage villages.¹⁸ Another accomplishment in cross marketing is the addition of Red Wing as the thirteenth member city. Red Wing is a sizeable tourism town that serves as a gateway to the Lake Pepin region from the Twin Cities market. It has provided services to MVP through its Convention and Visitors Bureau and cross marketing by its lodging industry.

Product packaging. The intent here was to create brochures with themes outlining historical, environmental or children's itineraries for tours. However, this project became entangled in debate as to the perception of unfair advantage created for the businesses to be highlighted in the brochures. Therefore, despite major effort it did not go forward.¹⁹

Target marketing. MVP members attend psychographic marketing classes to examine their target market(s). The BR&E visits confirmed that the majority of the visitors were visiting just for the day. To really tap into this market these tourists would need to be persuaded to stay overnight. Consequently, the MVP travel guide covers were designed to show evening scenes. Also, advertising was pursued in a more upscale public radio magazine.²⁰

¹⁷ Smith, p. 2.

¹⁸ Smith, p. 2.

¹⁹ Smith, p. 2.

²⁰ Smith, p. 2.

MVP Strategy 3. Build an Understanding of Tourism's Importance to the

Economy. Recall that this strategy was also one of the three stated goals why MVP chose to conduct the BREV. In some respects this may be MVP's biggest success in implementing its BREV plans. The priority project selected under this strategy is to develop a better public understanding of the impact of tourism on the economy. There were at least two concrete actions that followed. First, the mayors of the vintage villages were invited by MVP to meet to examine ways they could collaborate similar to the way the private sector collaborated in MVP. The BR&E results helped citizens to understand the importance of tourism. Consequently, cities joined MVP.²¹ Wabasha has decided to develop the National Eagle Center with a total investment of \$4,000,000. The city and state have committed major appropriations to the project and fundraising is underway for the remainder.

Swift County's Results from the BREV Program

Swift County originally conducted a BREV program with the University of Minnesota in 1994. In many ways it was similar to Sibley County's program. The most notable aftermath of this program was the retention of two manufacturing firms that had planned to move to South Dakota. About 260 jobs were retained and eventually about 240 more jobs added when the two firms decided to not only stay but to expand. Just imagine the impact of 500 manufacturing jobs in a county of 11,388 people. For instance, home values increased dramatically, over \$2 million was spent on local construction, and a new hotel and service business were developed.²² An economic impact analysis revealed that, in 1998, 840 jobs and \$38.8 million in income just in Swift County is attributable to the retention of these two companies. That is thirteen percent

²¹ Smith, p. 3.

²² Rosemeier, p. 3.

(13%) of the jobs and eighteen percent (18%) of the income in the county.²³ The BREV Task Force documented the impact of this two-company success in a 15-minute video. For more information contact Sue Pirsig at the Swift County GROW office (320-842-4769). The success in their first BREV led Swift to experiment with a second BREV effort.

The Swift County Farm BREV was inaugurated in 1998 when farm prices had plummeted. The same Swift County leaders who initiated the successful visitation to the business community at large wondered whether the same community-driven approach could be helpful in retaining and enhancing the crop farmers of the county. Thus a farm BREV was launched with high hopes.²⁴ Swift chose four priority projects across two strategic areas.

Swift Strategy 1. Increased Cooperation. Three priority projects were selected under this strategy.

1. Greater involvement and leadership for rural women;
2. Improved health care delivery for farmers;
3. Promote more effective use of farmer cooperatives.

Greater involvement and leadership for rural women. This project team found that in a time of farm crisis there often was a sense of isolation, especially for farm women. The bad farm economics could spill over and cause stresses and problems in farm families. Therefore, this team was started to link women together as part of the solution. They initiated a FarmWoman Forum. Averaging 37 women at its meetings, the Forum provides opportunities for communication, fellowship, and leadership education. A video was created, “Healing Stories”, that tells the stories of three women and how they coped with the farm price crisis.²⁵

²³ Morse, 2001.

²⁴ Haugaard, p. 1-2.

²⁵ Haugaard, p. 4.

Improved health care delivery for farmers. The BR&E results show that obtaining affordable health care is a big problem for farmers. It is often the health care benefits as much as the wage that causes farmers and/or their spouses to seek work off the farm. The project team set out to see if a Swift County insurance group could be legally and feasibly set up for farmers in order to provide more affordable group coverage. It also aimed to see if farmers could obtain benefits through Minnesota Care, a statewide health insurance network of the last resort.²⁶ The attempts to set up group coverage ran into a legal barrier. Farmers would have to become employees of the group in order to be eligible for health coverage. However, there are good results on the other front. In 1999 only about 3-4 Swift families were enrolled in Minnesota Care. The project team arranged for enrollment to occur at a local office, instead of St. Paul, and consequently over 50 families, including farm families, are now enrolled. The project team is also pursuing state legislation that would further extend eligibility of the program to farmers.

Promote more effective use of farmer cooperatives. This project set out to initiate more value-added cooperative ventures as well as to have existing coops provide high returns to their patrons. Debate about cooperative principles was part of the intended outcome. Should coops be operated just like investor-owned businesses or should they be more focused on advancing farmer interests?²⁷ This group got off to a slower start than the two other projects under the strategy of Increased Cooperation. This is perhaps understandable because the breadth of the topic is much greater. Nevertheless, the project team is now working with the University of Minnesota Department of Applied Economics to develop educational materials to be used for cooperative board members. The first step in the process will be to survey farmers as to their perceptions about farmer cooperatives.

²⁶ Levins, p. 6-7.

²⁷ Levins, p. 7.

Swift Strategy 2. Diversification of Agricultural Enterprises. With 90 percent of its tillable land cultivated in soybeans and corn, Swift's farms are not very diverse. There are inherent risks to such a situation and farmers know that. Their first and third highest requests for information were for marketing and alternative agricultural enterprises. Therefore, it was decided that a priority project would be to improve delivery of information on alternative enterprises.²⁸

Improved delivery of information on alternative enterprises. This project team set up a meeting in which companies presented production opportunities for local farmers. The results included increased livestock numbers and an additional 9,400 acres farmed under contract. It is estimated that an additional \$300,000 in farmer income will be received from the contracts beyond what would be earned based on current market prices. Another team accomplishment is the formation of an export cooperative that targets soybeans for the Asian market. A \$10,000 startup grant was received as well as \$3,150 of funds for Swift County Extension for field trials of edible soybeans for this market.²⁹

Common Lessons for Other Rural Communities

From the successes of these three programs there are several lessons that will be useful for other rural communities that choose to conduct BREV programs.

1. Pick a strong leadership team that is willing to learn from earlier BREV programs and willing to do some detailed planning.
2. Select a strong, broad-based task force that includes businesspersons, economic developers, elected officials & local government officials and educators.
3. Carefully train the volunteers to collect good data.

²⁸ Levins, p. 7.

²⁹ Haugaard, p. 4.

4. Have the research team provide options and potential projects but insist that local leaders make the decisions on priorities and lead the way into implementation.
5. Have an effective implementation plan (see number one above).

Finally, I offer a couple observations based on experiences with other BREV programs in Minnesota. Keep in mind that these three BREVs have some of the better results that we have seen over the course of 45 programs.

1. Each of these three BREVs had an aggressive survey effort, averaging 75 visits each. In comparison, the systemwide average in Minnesota is approximately 50. The energy needed to conduct 50% more surveys than the average in some way seemed to carry forward into implementation.
2. There was at least one very committed Extension Educator involved in each project. This may merely reflect the fact that the local Extension office in a county has its reputation at stake when their community works with the BR&E Strategies Program, since it is offered as an Extension outreach program from campus. Alternatively, it could say something positive about these Extension Educators' ability to help educate and motivate the BREV teams to above average results.

Both of these final observations lead us back to the first lesson, pick a strong leadership team. Sibley County, Mississippi Valley Partners, and Swift County benefited greatly from having a strong core of organized, energetic leaders who worked hard and planned for success. Any community that is willing to follow their example can expect positive community economic development results from their BREV.

Resources Available

For general information about the BREV approach covered in this paper contact Business Retention and Expansion International (BREI) at www.brei.org or 800-667-9930 #00. They offer basic information about international BREV practices through their website, the Consultant Certification Course, and other services available to members.

Economic Development Online is an educational resource offering several online courses about BREV, including the BREI Consultant Certification Course. It offers community economic development courses taught by faculty from several major universities. See www.edo.umn.edu for information.

For those in Minnesota or adjacent states or provinces the University of Minnesota BR&E Strategies Program is another resource. The website is:

www3.extension.umn.edu/projects/bre/ Michael Darger can be contacted at:

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Flow Diagram of BR&E Strategies Program

